

AMENDED IN ASSEMBLY JUNE 16, 2014

AMENDED IN SENATE APRIL 21, 2014

**SENATE BILL**

**No. 1077**

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**Introduced by Senator DeSaulnier**

February 19, 2014

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An act to add and repeal Chapter 7 (commencing with Section 3090) of Division 2 of, and to repeal Chapter 7 (commencing with former Section 3100) of Division 2 of, the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

SB 1077, as amended, DeSaulnier. Vehicles: mileage-based fee pilot program.

Existing law establishes the Transportation Agency, which consists of the Department of the California Highway Patrol, the California Transportation Commission, the Department of Motor Vehicles, the Department of Transportation, the High-Speed Rail Authority, and the Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun.

*This bill would establish a Mileage-Based Fee (MBF) Task Force within the California Transportation Commission, as specified. The bill would require the task force to study MBF alternatives to the gas tax and to make recommendations to the Department of Transportation and the commission on the design of a pilot program, as specified. The bill would also authorize the task force to make recommendations on the criteria to be used to evaluate the pilot program. The bill would require the task force to consult with specified entities and to consider certain factors in carrying out its duties. The bill would require the Transportation Agency, based on the recommendations of the task force, to develop and implement a pilot program by January 1, 2016, to identify*

*and evaluate issues related to the potential implementation of a MBF program in California. The bill would require the agency to prepare and submit a report of its findings to the task force, the commission, and the appropriate fiscal and policy committees of the Legislature by no later than June 30, 2017, as specified. The bill would also require the commission to include its recommendations regarding the pilot program in its annual report to the Legislature, as specified. The bill would repeal these provisions on January 1, 2018.*

~~This bill would require the agency to develop, by January 1, 2016, a pilot program designed to assess specified issues related to implementing a mileage-based fee (MBF) in California to replace the state's existing fuel excise tax. The bill would require the agency, at a minimum, to assess certain issues related to implementing an MBF, including, among others, different methods for calculating mileage and collecting road use information, processes for managing, storing, transmitting, and destroying data to protect the integrity of the data and ensure drivers' privacy, and costs associated with the implementation and operation of the MBF system, as specified. The bill would also require the department to prepare and submit a specified report of its findings to the policy and fiscal committees of the Legislature no later than June 30, 2017. The bill would require the report to include, among other things, recommendations on how best to implement an MBF, as specified, and recommendations regarding public and private agency access to MBF data that ensures privacy rights as protected by the California Constitution. The bill would repeal these provisions on January 1, 2018.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     *SECTION 1. The Legislature finds and declares all of the*
- 2     *following:*
- 3     *(a) An efficient transportation system is critical for California's*
- 4     *economy and quality of life.*
- 5     *(b) The revenues currently available for highways and local*
- 6     *roads are inadequate to preserve and maintain existing*
- 7     *infrastructure and to provide funds for improvements that would*
- 8     *reduce congestion and improve service.*
- 9     *(c) The gas tax is an ineffective mechanism for meeting*
- 10    *California's long-term revenue needs for all of the following*

1 reasons because it will steadily generate less revenue as cars  
2 become more fuel efficient and alternative sources of fuel are  
3 identified. By 2030, as much as half of the revenue that could have  
4 been collected will be lost to fuel efficiency. Additionally, bundling  
5 fees for roads and highways into the gas tax makes it difficult for  
6 users to understand the amount they are paying for roads and  
7 highways.

8 (d) Other states have begun to explore the potential for a  
9 mileage-based fee to replace traditional gas taxes, including the  
10 State of Oregon, which established the first permanent road user  
11 fee program in the nation.

12 (e) A mileage-based fee program has the potential to distribute  
13 the gas tax burden across all vehicles regardless of fuel source  
14 and to minimize the impact of the current regressive gas tax  
15 structure.

16 (f) Experience to date in other states across the nation  
17 demonstrates that mileage-based user fees can be implemented in  
18 a way that ensures data security and maximum privacy protection  
19 for drivers.

20 (g) It is therefore important that the state begin to explore  
21 alternative revenue sources that may be implemented in lieu of the  
22 antiquated gas tax structure now in place.

23 SEC. 2. Chapter 7 (commencing with Section 3090) is added  
24 to Division 2 of the Vehicle Code, to read:

25  
26 CHAPTER 7. MILEAGE-BASED FEE PILOT PROGRAM  
27

28 3090. (a) The Mileage-Based Fee (MBF) Task Force is hereby  
29 established within the California Transportation Commission.

30 (b) The purpose of the task force is to guide the development  
31 and evaluation of a pilot program to assess the potential for  
32 mileage-based revenue collection for California's roads and  
33 highways as an alternative to the gas tax system.

34 (c) The task force shall consist of 14 members, as follows:

35 (1) Two members of the Assembly, appointed by the Speaker of  
36 Assembly.

37 (2) Two members of the Senate, appointed by the Senate  
38 Committee on Rules.

39 (3) Two members of the commission, appointed by the  
40 chairperson of the commission.

1     (4) *Eight members appointed by the Governor. In making these*  
2 *appointments, the Governor shall consider individuals who are*  
3 *representative of the telecommunications industry, highway user*  
4 *groups, the data security and privacy industry, the transportation*  
5 *research community, and national research and policymaking*  
6 *bodies, including, but not limited to, the Transportation Research*  
7 *Board and the American Association of State Highway and*  
8 *Transportation Officials.*

9     (d) *Members of the task force are entitled to compensation and*  
10 *expenses as authorized by the commission.*

11     (e) *The Department of Transportation shall provide staff to the*  
12 *task force.*

13     (f) *The task force shall study MBF alternatives to the gas tax.*  
14 *The task force shall gather public comment on issues and concerns*  
15 *related to the pilot program and shall make recommendations to*  
16 *the department and the commission on the design of a pilot*  
17 *program to test alternative MBF approaches. The task force may*  
18 *also make recommendations to the department and the commission*  
19 *on the criteria to be used to evaluate the pilot program.*

20     (g) *In studying alternatives to the current gas tax system and*  
21 *developing recommendations on the design of a pilot program to*  
22 *test alternative MBF approaches pursuant to subdivision (f), the*  
23 *task force shall take all of the following into consideration:*

24         (1) *The availability, adaptability, reliability, and security of*  
25 *methods that might be used in recording and reporting highway*  
26 *use.*

27         (2) *The necessity of protecting all personally identifiable*  
28 *information used in reporting highway use.*

29         (3) *The ease and cost of recording and reporting highway use.*

30         (4) *The ease and cost of administering the collection of taxes*  
31 *and fees as an alternative to the current system of taxing highway*  
32 *use through motor vehicle fuel taxes.*

33         (5) *Effective methods of maintaining compliance.*

34     (h) *The task force shall consult with highway users and*  
35 *transportation stakeholders, including representatives of vehicle*  
36 *users, vehicle manufacturers, and fuel distributors as part of its*  
37 *duties pursuant to subdivision (g).*

38     3091. *Based on the recommendations of the MBF Task Force,*  
39 *the Transportation Agency shall develop and implement, by*  
40 *January 1, 2016, a pilot program to identify and evaluate issues*

1 *related to the potential implementation of an MBF program in*  
2 *California.*

3 *3092. (a) The Transportation Agency shall prepare and submit*  
4 *a report of its findings based on the results of the pilot program*  
5 *to the MBF Task Force, the California Transportation Commission,*  
6 *and the appropriate policy and fiscal committees of the Legislature*  
7 *by no later than June 30, 2017. The report shall, include, but not*  
8 *be limited to, a discussion of all of the following issues:*

9 *(1) Cost.*

10 *(2) Privacy.*

11 *(3) Jurisdictional issues.*

12 *(4) Feasibility.*

13 *(5) Complexity.*

14 *(6) Acceptance.*

15 *(7) Use of revenues.*

16 *(8) Security and compliance.*

17 *(9) Potential for additional driver services.*

18 *(10) Implementation issues.*

19 *(b) The California Transportation Commission shall include*  
20 *its recommendations regarding the pilot program in its annual*  
21 *report to the Legislature as specified in Sections 14535 and 14536*  
22 *of the Government Code.*

23 *3093. This chapter shall remain in effect only until January 1,*  
24 *2018, and as of that date is repealed, unless a later enacted statute,*  
25 *that is enacted before January 1, 2018, deletes or extends that*  
26 *date.*

27 ~~SECTION 1. Chapter 7 (commencing with Section 3090) is~~  
28 ~~added to Division 2 of the Vehicle Code, to read:~~

29  
30 ~~CHAPTER 7. MILEAGE-BASED FEE PILOT PROGRAM~~

31  
32 ~~3090. (a) The Transportation Agency shall develop, by January~~  
33 ~~1, 2016, a pilot program designed to explore various methods for~~  
34 ~~using a mileage-based fee (MBF) to replace the state's existing~~  
35 ~~fuel excise tax. The agency, at a minimum, shall assess the~~  
36 ~~following issues related to implementing an MBF in California:~~

37 ~~(1) Different methods for calculating mileage and collecting~~  
38 ~~road usage information that include alternatives to using electronic~~  
39 ~~vehicle location data. Any methods considered shall collect the~~  
40 ~~minimum amount of personal information, including location~~

1 tracking information, necessary to accomplish the goals of the  
2 MBF.

3 (2) For methods involving vehicle location data, processes for  
4 managing, storing, transmitting, and destroying data to protect the  
5 integrity of the data and ensure the privacy of drivers.

6 (3) Types of equipment that may be required of the state and of  
7 drivers in order to implement an MBF, including a discussion of  
8 the advantages and disadvantages of the equipment, the privacy  
9 implications and considerations of the equipment, and  
10 contingencies in the event of equipment failure.

11 (4) Estimated costs, both public and private, associated with the  
12 initial implementation and ongoing operation of an MBF system.

13 (5) Processes and security measures necessary to minimize fraud  
14 and tax evasion rates.

15 (6) The appropriate government entities to collect data and  
16 handle revenue collection, and the frequency at which charges  
17 should be billed or collected.

18 (b) In developing this pilot program, the agency shall consult  
19 with the Department of Motor Vehicles, the Department of  
20 Transportation, the Institute of Transportation Studies at the  
21 University of California, or any other entity identified by the  
22 agency that has expertise in automotive technology, revenue  
23 collection, and protecting the public's private information.

24 (c) The agency shall prepare and submit a report of its findings  
25 to the appropriate policy and fiscal committees of the Legislature  
26 no later than June 30, 2017. The report shall include, but not be  
27 limited to, all of the following elements:

28 (1) Recommendations regarding how to best implement an MBF  
29 in a manner that minimizes confusion and inconvenience to  
30 California's drivers while also providing safeguards that ensure  
31 their privacy.

32 (2) Recommendations regarding public and private agency  
33 access, including law enforcement access, to the data collected  
34 and stored for purposes of the MBF that ensures individual privacy  
35 rights as protected by Section 1 of Article 1 of the California  
36 Constitution.

37 (3) Given the technological and institutional demands associated  
38 with implementing an MBF, a discussion of different processes  
39 that may be used to transition from the fuel tax to an MBF over  
40 time.

1     ~~(4) A discussion of issues the Legislature may wish to consider~~  
2     ~~when evaluating whether and how to implement an MBF, including~~  
3     ~~the potential impact of new, rapidly changing technology, such as~~  
4     ~~connected cars, which could provide new and possibly more~~  
5     ~~efficient options for collecting mileage data while protecting the~~  
6     ~~privacy of drivers.~~

7     ~~(5) With the transition from a fuel tax to an MBF, a discussion~~  
8     ~~of protections and safeguards that can be put in place to ensure~~  
9     ~~that the MBF has at least the same level of protection from~~  
10    ~~diversion and the same eligible uses as the fuel taxes being~~  
11    ~~replaced, including consideration of voter approval.~~

12    ~~(d) This chapter shall remain in effect only until January 1,~~  
13    ~~2018, and as of that date is repealed, unless a later enacted statute,~~  
14    ~~that is enacted before January 1, 2018, deletes or extends that date.~~

15    ~~SEC. 2.~~

16    ~~SEC. 3. Chapter 7 (commencing with former Section 3100) of~~  
17    ~~Division 2 of the Vehicle Code is repealed.~~